### TEXAS DEPARTMENT OF MOTOR VEHICLES

#### MOTOR VEHICLE CRIME PREVENTION AUTHORITY

GRANTS BUDGET and REPORTING (GBR)
COMMITTEE MEETING

Texas Department of Motor Vehicles
Lone Star Room
4000 Jackson Avenue
Austin, Texas 78731

and via Microsoft Teams

1:00 p.m. Wednesday, October 16, 2024

#### COMMITTEE MEMBERS:

Sharon Jones, Chair Rebecca Cantu-Serrano Tom Sloan

### STAFF:

William Diggs, MVCPA Director David Richards, General Counsel

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CLOSE 8.	ED SESSION  The Committee may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code Chapter 551: Section 551.071 Section 551.074 Section 551.076 Section 551.089	none
9.	Action Items from Closed Session	
10.	Public Comment	none
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## PROCEEDINGS

MS. JONES: Good afternoon. My name is Sharon Jones, and I am pleased to open the meeting of the Grants Budget and Reporting Committee of the Board of the Motor Vehicle Crime Prevention Authority.

It is 1:00 p.m., and I am now calling the committee meeting for October 16, 2024, to order. I want to note for the record that the public notice of this meeting, containing all items on the agenda, was filed with the Secretary of State on October 2, 2024.

Before we begin today's meeting, please place all cell phones and other communication devices in a silent mode. Also, as a courtesy to others, do not engage in side conversations in the meeting room.

I want to welcome those who are with us for today's committee meeting. If you wish to address the committee or speak on an agenda item during today's meeting, please complete a speaker's sheet at the registration table. Please identify the specific item you're interested in commenting on, your name and address, and whether you are representing someone or speaking for yourself. If your comment does not pertain to a specific agenda item, we'll take your comment during the public comment portion of the meeting.

In accordance with the department's

ON THE RECORD REPORTING (512) 450-0342 administrative rule, comments to the committee will be limited to three minutes. To assist each speaker, a timer has been provided at the podium. The timer light will be green for the first two minutes, yellow when the speaker has one minute left, and then red when the speaker's time is up.

Individuals cannot accumulate time from other speakers. Comments should be pertinent to the issue stated on the comment sheet. When addressing the committee, please state your name and affiliation for the record.

There are few things that will help us to make the meeting run smoothly and assist the court reporter to get an accurate record: please identify yourself before speaking, speak clearly and slowly, do not speak over others, and ask the chair for permission to speak, and be sure to get recognized before speaking.

I would like to thank our court reporter who is transcribing this meeting.

Before we begin today, I would like to remind all presenters and those in attendance of the rules of conduct at our committee meeting. In the department's administrative rule, the chair has the authority to supervise the conduct of meetings. This includes the authority to determine whether a speaker is being

disruptive of the meeting or is otherwise violating the 1 2 timing or presentation rules I just discussed. 3 The posted agenda stated that a quorum of the 4 MVCPA Board members may be present at this meeting, 5 however, board members who are not members of the Grants 6 Budget and Reporting Committee will not vote on any 7 committee agenda items today, nor will any board action be 8 taken. 9 I see that Member Scott Jackson is present for 10 discussing and gathering information. Mr. Jackson right there, that is one of our newest board members, so thank 11 12 you for joining us. Welcome. And now I'd like to have a roll call of the 13 14 committee members. Please respond verbally when I call 15 your name. 16 Member Sloan, are you present? 17 MR. SLOAN: Present. MS. JONES: Member Cantu-Serrano, are you 18 19 present? 20 MS. CANTU-SERRANO: Yes. 21 MS. JONES: And let the record reflect that I, 22 Sharon Jones, am here too. We have a quorum. 23 I will now move on to agenda item number 2, 24 pledges of allegiance, the U.S. and Texas. Please stand. 25 (The pledges of allegiance, U.S. and Texas,

were recited.)

MS. JONES: I will now move to agenda item 3, comments and announcements from committee chair, committee members, and MVCPA director.

At our last meeting we were in Houston and Member Brotherton graciously stepped in at the last minute to ensure that we had our proceedings, and so we thank her for the role that she played, a very crucial role there.

And we now have a permanent committee member, his name is Tom Sloan. And I'll let Tom speak a bit about himself.

MR. SLOAN: Thank you, Major Jones. Tom Sloan, for the record.

I haven't had a chance to introduce myself individually. To say that I am excited and honored to be a part of a bunch of enthusiastic crime fighters would be an understatement. I've been a law enforcement officer for 17 years with the Round Rock Police Department where I oversee the criminal investigations division, and it just feels really great to be among like-minded people who want to thwart vehicle crime and use that enthusiasm to do the best we can for our state.

I'm very excited to be a member of the MVCPA.

I look forward to serving you all as the law enforcement representative for the next few years. And I understand

1	that we are coming out of lunch. I overheard barbecue was
2	eaten; I'm an avid Rudy's attendee myself.
3	I'll keep it brief so we don't fall asleep.
4	Y'all take care.
5	MS. JONES: Thank you, Member Sloan.
6	Member Diggs, do you have any comment?
7	MR. DIGGS: Good afternoon, Major Jones.
8	Yes, I just wanted to say one thing. I was
9	excited this morning; we had our task force commander
10	meeting earlier this morning about 9:00 a.m. And when I
11	got here just a few minutes before, I walked in and it was
12	a full house.
13	So we had task force commanders from all over
14	Texas that made the effort to get here this morning in
15	person. It was good to see them. We exchanged some good
16	information related to trends and had some good
17	conversation. It was good to see them.
18	Thank all of you for being here this week.
19	MS. JONES: Member Cantu-Serrano, any comments,
20	ma'am?
21	MS. CANTU-SERRANO: No, ma'am.
22	MS. JONES: Hearing none, we will now move on
23	to agenda item number 4.
24	Mr. Diggs, I turn it over to you.
25	MR. DIGGS: William Diggs, director MVCPA, for

the record.

Major Jones, we had some good conversations back on July 19 during our board meeting. We approved 25 task force grants and 22 catalytic converter grantees. There were a few other task force grants that actually —that we tabled, for lack of a better term, for consideration until this week. And so I want to give you a brief overview of the MVCPA budget as I see it today.

So the total adjusted budget for FY25 for all MVCPA programs is estimated to be \$64.2 million, and I'll explain how we get to that number now. So \$24,949,521 is in the motor vehicle crime prevention budget that was appropriated; \$30,077,145 is our catalytic converter program appropriations, that's our SB 224 funding. We have \$6,181,539 in additional insurance collections in FY24 for the motor vehicle crime prevention budget. We had \$3,065,136 in additional insurance collections in FY24 for the catalytic converter program budget, or SB 224 budget.

The total estimated budget for the motor vehicle crime prevention strategy for FY25 is \$31,131,060, as of September 1. The total FY25 task force grant awards, including negotiations, as of the end of September was \$23,696,455; the total Tier Two FY25 task force requests equal \$2,235,022. So the total combined FY-25

task force grants equal \$25,931,427.

The total estimated operating cost in the task force budget -- and that's for headquarters expenses and staff and a number of other things that we do, like these meetings today -- is \$1,506,428. When you calculate all that out, that gives us an estimated remaining FY25 task force budget, if the board approves the Tier Two requests, \$3,693,205.

Moving on to the catalytic converter program, the total estimated catalytic converter program strategy budget is \$33,142,281. The total FY25 catalytic converter grants awarded, including negotiations, as of the end of September is \$7,216,578. A second round request is on the street until November 12 and we hope to have a number of other law enforcement agencies throughout the State of Texas apply.

The total state partner agency budget is \$5,750,000. The total estimated operating cost for headquarters is \$589,743. The total remaining estimated FY25 catalytic converter program strategy budget today is \$19,585,960.

We continue to work closely with our state partner agencies to ensure we are providing for any unmet needs that they may have in support of SB 224, or our catalytic converter strategy.

1	In closing, I feel like the MVCPA budget
2	strategies are actually in really good shape today. Thank
3	you.
4	MS. JONES: You're welcome, sir.
5	I have a question. The second round that
6	closes November 12, the funding well, first, when was
7	that posted? Is it open already?
8	MR. DIGGS: Actually, it's open already; it
9	closes on November 12. It's been open for a few weeks
10	now.
11	MS. JONES: Do we have any applicants at all?
12	MR. DIGGS: We do have some applicants. I see
13	Earl Pence back there shaking his head, and we've got a
14	number of applicants in the queue.
15	MS. JONES: And the applicant funding, if
16	approved, comes from the \$19 million?
17	MR. DIGGS: For the second round SB 224
18	catalytic converter funding, yes, ma'am.
19	MS. JONES: Perfect. Thank you.
20	MR. DIGGS: Yes, ma'am.
21	MS. JONES: We now move to agenda item number
22	5, and I'll turn it back over to you, Mr. Diggs.
23	MR. DIGGS: Thank you. Give me just one
24	second.
25	So again, this is going to sound repetitive.

Back in July we tabled these five applications, just waiting to see where the funding kind of settled out at the end of August, moving into September.

And so the request that I have in front of me that I ask that the GBR Committee support tomorrow and give the full board your support to approve: Hidalgo County Task Force in the amount of \$1,114,348; Maverick County in the amount of \$642,623; the City of San Marcos in the amount of \$177,401 -- those three are four FTEs and equipment and operating -- the Town of Prosper in the amount of \$286,400, that is equipment only, and I have more breakdown information if you need it; and the City of Cedar Hill in the amount of \$14,250.

And I would ask that the GBR Committee support this request and provide that to the full MVCPA Board tomorrow.

MS. JONES: Mr. Diggs, I do recall July 19, Hidalgo, San Marcos, Maverick County presented?

MR. DIGGS: Yes, ma'am.

MS. JONES: Prosper and Cedar Hill presented as well?

MR. DIGGS: Yes, ma'am, they did. Actually, I would have to go back and look and double check Cedar Hill, but I know Prosper was present and they presented. I see those two guys back there shaking their head yes,

1	and I remember them being there, yes.
2	MS. JONES: I remember them as well. And Cedar
3	Hill, you're saying Cedar Hill presented?
4	MR. DIGGS: I believe they did. And again, I
5	would have to go back and look at the transcript, because
6	I can't remember from memory here today if they did or
7	not. It was for LPRs and the total is \$14,250.
8	MS. JONES: Mr. Canady is saying they did, so
9	we're going with him. Right, Mr. Canady?
10	You're not Mr. Canady, Mr. Pence. Mr. Canady
11	better not have input on what's happening here.
12	(General talking laughter.)
13	MR. PENCE: (From audience.) Yeah, the five in
14	Tier Two did submit in time. All the applicants were
15	received in time.
16	VOICE: If you could repeat that for the
17	microphone real fast.
18	MS. JONES: My question is, Mr. Pence
19	MR. PENCE: (At mic.) Yes, Major. Sorry,
20	ma'am.
21	MS. JONES: Did the City of Cedar Hill present
22	in Houston?
23	MR. PENCE: I don't recall. I don't want to
24	say yes, but I believe they did. But I don't rightly
25	recall on Cedar Hill.

MS. JONES: I don't recall them either. 1 2 Mr. Diggs, what are they asking for, it's just 3 LPRs? 4 MR. DIGGS: Yes. It's equipment only. 5 LPRs and that's all it is. It's \$14,250 in total. 6 MS. JONES: Okay. Understood. Thank you, sir. 7 MR. DIGGS: Yes, ma'am. 8 Mr. Diggs has recommended that the MS. JONES: 9 GBR Committee approve the following fiscal year '25 task 10 force applications for grant funding that were not approved during the MVCPA Board meeting on July 19, 2024. 11 12 After further review of the fiscal year '25 MVCPA crime 13 prevention strategy budget, Director Diggs believes the 14 funding is now available. There are five Tier Two 15 requests: Hidalgo County, \$1,114,348; Maverick County, 16 \$642,623; the City of San Marcos, \$177,401; the Town of 17 Prosper, \$286,400; and the City of Cedar Hill, \$14,250. MR. SLOAN: I move that the GBR Committee 18 19 recommend the approval of the Tier Two fiscal year '25 20 task force grants applications requested submitted by: 21 Hidalgo County, \$1,114,348; Maverick County, \$642,623; 22 City of San Marcos, \$177,401; Town of Prosper, \$286,400; 23 and the City of Cedar Hill in the amount of \$14,250. 24 MS. JONES: Any further discussion? Member 25 Cantu, any discussion?

MS. CANTU-SERRANO: I second. 1 2 MS. JONES: I'll now call for the vote. Member Sloan? 3 4 MR. SLOAN: Yes. 5 MS. JONES: Member Cantu? 6 MS. CANTU-SERRANO: Aye. 7 MS. JONES: Let the record reflect that I, too, 8 am an aye. The motion passes. 9 We now move on to agenda item number 7, MVCPA 10 Audit Section status update related to MVCPA \$5 insurance fee collection efforts. 11 12 Mr. Price. 13 MR. PRICE: For the record, my name is Dan 14 I am the MVCPA Audit manager, and I have been 15 asked to provide an overview, general overview of how we 16 get our money. So I'm going to talk a little bit first 17 about how we're funded. MVCPA is normally funded through the biennial 18 19 appropriation from the State of Texas General Fund. Some 20 of the other agencies, including the main DMV agency, are funded differently, but we get funded through the State of 21 22 Texas General Fund. 23 That fee is actually due from approximately 24 1,000 licensed motor vehicle insurance providers that 25

provide insurance in the State of Texas. They, in turn,

frequently will pass that on to the consumer, but the law indicates that we are to get that from insurance companies themselves, and that's where it's due from.

The fee is due twice a year, March 1 and August

1. Collections are posted in the fiscal year they are
received. And then according to Texas Transportation

Code, an insurer will pay the Authority a fee equal to \$5

times the total number of motor vehicle years and
insurance for insurance policies delivered, issued for
delivery or renewed by the insurer.

Further, under Texas Transportation Code

1006.153(e), out of each fee collected under Subsection

(b), \$1 is basically taken off the top and that goes into the SB 224 fund. Of the remaining \$4, or 80 percent, 20 percent goes to the Authority, to us, 20 percent goes to the General Revenue Fund to be used for criminal justice purposes, and 60 percent goes to the trauma facility and emergency medical services account.

So it's interesting to note that SB 224 actually gets more funding than the traditional MVCPA.

MVCPA gets 16 percent of the gross collection, whereas, SB 224 gets 20 percent of the gross collection. So if you're looking at those two on the budget report, normally SB 224 is always a little bit higher.

So the only entity that's allowed to really

collect money for the State of Texas and process payments is the Comptroller of Public Accounts, and there are provisions under statute that say that we are to work with the Comptroller of Public Accounts and compensate them for their work. Forms and payments are sent to the Comptroller of Public Accounts for the MVCPA fee. The Comptroller maintains the fee payer accounting records so they keep track of who made what payment for what period and when. If somebody doesn't pay timely, the Comptroller will send two reminders to the payers who have not filed to say: Did you forget, did you miss the date, please go ahead and get that processed.

On request -- and normally that's four or five times a year -- the Comptroller will send reporting to MVCPA that shows payments and notes who have not filed and those who have not paid the fee. So we have non-filers, non-payers, and sometimes both. MVCPA does have that interagency agreement I mentioned with the CPA to provide this and some other services to MVCPA.

When the Comptroller's report is received,

MVCPA sends a reminder notice to the non-filers letting

them know their filing has not been received. Again, this

will be the third notice that they receive that payment

has not been made: two from the Comptroller and the first

one from us. After allowing time for them to respond,

usually 30 to 45 days, we will ask for an updated report from the CPA to see who has come into compliance and who has still not filed or not paid.

At that point, we send a more strongly worded demand to the companies, unless they're in bankruptcy, to say: Hey, you know, we've asked you nicely three times, we really need you to go ahead and make this payment. If you don't, we're going to refer you back to the Texas Department of Insurance -- which is the mechanism provided under statute for us to request that their insurance license be terminated in the state because they're not meeting the obligations to the State of Texas.

So after again allowing for a period of time for them to come into compliance, 30-45 days, we do go ahead and compile a list with all of the different communications and we refer that over to the legal section at TDI for enforcement action. They then review it to make sure that they are not already being processed in bankruptcy, receivership, reorganization, or some other type of restructuring. And if they aren't, then they get their staff to go out and collect the money.

So we have recently, in the last three or four years, added regulations. Previously we did not have any penalties or interest or penalties even for non-filing.

So we have tried to align ourselves with what the rest of

the state, and in fact, federal taxing authorities do and say: You know what, you're using our money, you haven't paid it, you're going to need to pay interest on it.

We follow the same rates the Comptroller uses for the rest of the money due to the State of Texas. We actually use the penalty rates as well. However, for non-filing penalties, we establish our own filing penalties, and I believe that will come up probably tomorrow or shortly in a meeting for you to approve that amount of money.

So if there is a waiver request -- if somebody says, hey, I've got a good reason why I didn't pay, I was in the middle of a hurricane, whatever happened, they are allowed to submit a fee and penalty waiver request. That request used to go to the Comptroller. The Comptroller has been instructing people lately to send them to us because either Mr. Diggs, based on previous approvals from the board last December allows him to handle smaller and lower fee amounts waivers and penalties, any larger ones would go to you for approval, to the board.

This year, in the past year we've gotten some additional staffing. We actually were fortunate to get a person who had worked in the insurance tax section at the Comptroller's Office for many, many years. So she has come over and we've been able to generate a total in

collections of \$40,930,605.60 in past due fees, which is a lot more than we've ever done before because we never had the staffing to do it. That also includes penalties and interest from various insurance companies for this year, this calendar year.

For next steps, MVCPA has six companies that we've identified who are billing between \$72,000 and \$1,490,325 per motor vehicle year in premium, so for one vehicle for one year in premium, they're charging almost \$1.5 million. We don't feel that's reasonable. So we are going to make inquiries as to, you know, are you insuring the Space Shuttle while it's on the back of a truck getting moved to a museum, in which case, maybe a million five is warranted, or are you just not accounting for your fee correctly. So we are cross-referencing our numbers to other state agency numbers, including motor vehicle tax collections, for example -- which is what this example is from the Comptroller's Office -- to identify outliers.

Additionally, we've identified 31 companies, insurance companies who reported motor vehicle premiums to the Comptroller of roughly \$255 million and they paid zero MVCPA fee in 2023. So that's the next batch of people that we're going to be talking to to see if we can't encourage them to pay the fee when appropriate.

And that is the conclusion of this. If you

have any questions, I'd be happy to answer them. 1 2 Paying the fee, how is the fee MS. JONES: 3 supposed to be paid and how do we ensure it's being paid? 4 MR. PRICE: So that's kind of what I was going 5 over. But the fee is remitted, there's a form just like 6 you have a tax form, and that form, along with the 7 payment -- most of the payments are done electronically -go to the Comptroller's insurance tax section and 8 9 processing. 10 MS. JONES: So it's like self-reporting on the forms? 11 12 MR. PRICE: It is, just like any other tax would be. And so it is self-reported on the form and then 13 14 they will remit the money through usually an ACH. 15 call it webFILE. 16 The Comptroller has something called webFILE, 17 which is essentially an ACH process that allows them to electronically transfer the money to us. A few of the 18 19 very small companies that don't have the ability to do 20 that will still send warrants, but anybody over a pretty 21 low threshold is required to pay electronically. 22 How many auditors do we have? MS. JONES: 23 MR. PRICE: We have for insurance -- so we have two grant auditors. We have one grant intake specialist. 24

The collections are done by a collections specialist who

25

is not technically an auditor, and we have one person who is an insurance collection specialist.

A small amount of my own time is also dedicated to insurance collections; the majority of my time is spent to grant auditing work.

MS. JONES: So five people.

MR. DIGGS: No. For insurance collections -maybe I misunderstood your question. Total, we have five
people in the group, but of those for insurance
collections we have one and maybe 10 percent of another.

MS. JONES: Is that enough?

MR. DIGGS: You looked at me and I don't know if that question was posed to Manager Price. William Diggs, MVCPA director, for the record.

So the short answer is for the moment, yes. I will tell you that we are just kind of touching the surface of finding some of these companies that have not paid their fair share in years. And the team, Manager Price and his four staff members working together -- again, Dan is accurate, he has really one person that does insurance collections. She is a topnotch individual that has years of experience doing this.

They have done a phenomenal job over the last seven or eight months. And Dan has hired some bright folks that are doing fantastic work.

I will tell you the short answer is it's okay for now but I would actually want Dan to come back during our January board meeting and give you an additional update on these efforts and the things that we have been able to accomplish in the last seven or eight months. The man sitting to my right, right here, our general counsel, David Richards, has been extremely involved in navigating some of this, since my arrival and even prior to my arrival. I've just been fortunate enough to be sitting in this seat when we've been having some real success in making some of these collections in the last six months.

We want to bring you another update in January, Major Jones, and I'm hoping that we'll bring you some more success stories. The team has done a phenomenal job navigating this over the last few months. And so with that, I'll go ahead and sit back and see if you have any other questions.

MS. JONES: Mr. Price, if it gets to the point where you need additional personnel, just let Mr. Diggs know and we'll have a discussion. It's one for now which is great and you guys are making it work. So if it gets to where it's overwhelming or during your investigative efforts you find that there's a lot more than anticipated -- and I know you're now digging and trying to get that number. When you get that number, just decide if

1	it's enough for one person because we don't want to wear
2	that person out, so just let us know.
3	MR. PRICE: Understood.
4	MS. JONES: Perfect.
5	Any other discussion?
6	(No response.)
7	MS. JONES: Thank you, Mr. Price.
8	MR. PRICE: Thank you.
9	MS. JONES: Agenda item number 8 is calling for
10	a closed session. We will not have a closed session
11	today.
12	We now move on to agenda item number 10.
13	Ms. Cassandra, do we have any public comment?
14	MS. FLINT: Madam Chair, there are no comments
15	today. Thank you.
16	MS. JONES: Thank you, ma'am.
17	Unless there's any further business, I would
18	like to entertain a motion to adjourn.
19	Member Sloan, would you like for us to adjourn
20	today right now?
21	MR. SLOAN: I do. For the record, Tom Sloan.
22	MS. JONES: Member Cantu-Serrano?
23	MS. CANTU-SERRANO: I second.
24	MS. JONES: And I, Sharon Jones, vote for
25	adjournment. Let the record reflect that we are at a

unanimous vote and the meeting is adjourned at 1:36.

(Whereupon, at 1:36 p.m., the meeting was adjourned.)

1 CERTIFICATE 2 3 MEETING OF: TxDMV MVCPA Grants Budget & Reporting 4 Committee 5 6 LOCATION: Austin, Texas 7 DATE: October 16, 2024 I do hereby certify that the foregoing pages, 8 9 numbers 1 through 25, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording 10 11 made by electronic recording by Nancy King before the 12 Texas Department of Motor Vehicles. 13 DATE: October 25, 2024 14 15 16 17 18 19 /s/ Nancy H. King 20 (Transcriber) 21 22 On the Record Reporting & 23 Transcription, Inc. 24 7703 N. Lamar Blvd., Ste 515 25 Austin, Texas 78752 26